



Annex 26

**A MODEL BY-LAW FOR THE REVISION COMMISSION**

Approved  
by the General Meeting of Shareholders  
of the Open Joint Stock Company «\_\_\_\_\_»

Minutes of the [Annual or Extraordinary]  
General Meeting of Shareholders

No. \_\_\_\_\_  
of \_\_\_\_\_ 200\_.

dated this \_\_day of \_\_\_\_\_, 200\_  
[The Company's SEAL]

**BY-LAW FOR THE REVISION COMMISSION**

of the Open Joint Stock Company  
«\_\_\_\_\_»

The city of \_\_\_\_\_  
\_\_\_\_\_, 200\_



### Table of Contents

---

ARTICLE 1.	GENERAL PROVISIONS .....	264
ARTICLE 2.	AUTHORITY .....	265
ARTICLE 3.	RIGHTS AND DUTIES .....	266
ARTICLE 4.	COMPOSITION, STATUS, AND TERM OF OFFICE .....	267
ARTICLE 5.	PROCEDURE FOR NOMINATING CANDIDATES TO THE REVISION COMMISSION.....	268
ARTICLE 6.	ORGANIZING THE WORK .....	270
ARTICLE 7.	REMUNERATION AND COMPENSATION OF REVISION COMMISSION MEMBERS.....	272

---

### Article 1. General Provisions

- 1.1. This By-law for the Revision Commission (hereinafter the By-law) of the Open Joint Stock Company «\_\_\_\_\_» (hereinafter the Company) has been developed in accordance with relevant provisions of laws of the Russian Federation (hereinafter the Law), the Company charter, other internal corporate documents, and the recommendations of the Federal Commission for the Securities Market's Code of Corporate Conduct (hereinafter the FCSM Code).
- 1.2. The By-law determines the authority, composition, rights and duties, nomination and working procedures, and remuneration of the Revision Commission.
- 1.3. The Revision Commission shall act in accordance with the law, the charter, and other internal documents of the Company.
- 1.4. The Revision Commission shall report to the General Meeting of Shareholders (hereinafter the GMS).
- 1.5. The relations of the Revision Commission's members with the Company shall be regulated by contracts signed on behalf of the Company by the person duly authorized by the GMS.

## Annex 26. A Model By-Law for the Revision Commission

### Article 2. Authority

- 2.1. The Revision Commission shall be responsible for the control of the financial and business activities of the Company and its bodies. The Revision Commission shall further be responsible for compliance by the executive bodies and the Supervisory Board, as well as Company's officers, business units, branches, and representative offices with provisions of the Law, the Charter and by-laws of the Company regarding the Company's business activities.
- 2.2. The Revision Commission shall:
  - 2.2.1. Perform regular and extraordinary inspections of the financial and business operations of the Company, and present its findings to the GMS;
  - 2.2.2. Perform inspections of specific aspects of the financial and business operations of the Company at the request of a shareholder (or a group of shareholders) owning not less than 10% of voting shares, or at the request of the Supervisory Board;
  - 2.2.3. Ensure that the Supervisory Board and the executive bodies of the Company act in compliance with the Law, the charter, by-laws, and relevant internal documents of the Company;
  - 2.2.4. Investigate cases of the use of insider information;
  - 2.2.5. Check the timeliness of payments to contractors, mandatory budget payments, accrual and payment of dividends, as well as the meeting of other financial obligations of the Company;
  - 2.2.6. Check the appropriateness of the use of reserve and other funds of the Company;
  - 2.2.7. Check the timeliness of payment for the issued shares of the Company;
  - 2.2.8. Review the financial condition of the Company, its solvency, liquidity of its assets, and creditworthiness;
  - 2.2.9. Confirm the accuracy of information contained in the annual report and financial documents of the Company;
  - 2.2.10. Oversee the timeliness of valuation of the Company's net assets;
  - 2.2.11. \_\_\_\_\_; and
  - 2.2.12. \_\_\_\_\_.

### Article 3. Rights and Duties of the Revision Commission

- 3.1. The Revision Commission shall have the right to:
  - 3.1.1. Perform checks and inspections of the financial and business operations of the Company at any time and at its own initiative;
  - 3.1.2. Request from the Company's officers and governing bodies the necessary documents on the financial and business operations of the Company;
  - 3.1.3. Request from the Company's officers and employees written and oral explanations on any issues that may arise in the course of inspections;
  - 3.1.4. Issue instructions to remedy the identified violations;
  - 3.1.5. Request the calling of an Extraordinary General Meeting of Shareholders (hereinafter EGM), as well as a Supervisory Board meeting;
  - 3.1.6. Familiarize itself with the External Auditor's opinion;
  - 3.1.7. Use the services of outside experts, specialists, and/or auditors who are not the Company's employees as required;
  - 3.1.8. \_\_\_\_\_; and
  - 3.1.9. \_\_\_\_\_.
- 3.2. Revision Commission members shall have the right to attend meetings of the Executive Board and Supervisory Board as observers.
- 3.3. The Revision Commission shall:
  - 3.3.1. Make reports based on the results of inspections and submit them to the GMS and the initiator of the inspection within \_\_\_\_ days of the completion of the inspection;<sup>194</sup>
  - 3.3.2. Register all instances of noncompliance with the Law, the charter, by-laws, and rules and instructions by the officers and employees of the Company during business operations of the Company;
  - 3.3.3. Inform the shareholders of the violations identified;
  - 3.3.4. Monitor compliance with its instructions by the Company's officers;
  - 3.3.5. Not later than 40 days prior to the date of the Annual General Meeting of Shareholders (hereinafter AGM), submit to the Supervisory Board its opinion on the accuracy of data contained in the annual report and annual financial statements of the Company;

---

<sup>194</sup> Best practice suggests two weeks.

## Annex 26. A Model By-Law for the Revision Commission

---

- 3.3.6. Maintain records of violations it identifies and furnish information on such violations to the Supervisory Board and its Audit Committee;<sup>195</sup>
- 3.3.7. \_\_\_\_\_; and
- 3.3.8. \_\_\_\_\_.
- 3.4. Revision Commission members must participate in the Revision Commission meetings and its inspections, as well as attend the GMS and answer questions of the attendees.

### Article 4. Composition, Status, and Term of Office of the Revision Commission

- 4.1. The Charter determines the number of Revision Commission members. Members shall be elected to serve until the next AGM.
- 4.2. Only individuals may be Revision Commission members.
- 4.3. Revision Commission members may not at the same time be members of the Supervisory Board, the Executive Board, the Counting Commission, or the General Director of the Company, or of a legal entity competing with the Company.<sup>196</sup>
- 4.4. The same person may be re-elected as a Revision Commission member an unlimited number of times.
- 4.5. The Revision Commission members must have the necessary business, financial, and accounting experience, as well as knowledge of accounting and financial reporting.
- 4.6. The GMS may at any time terminate the powers of any Revision Commission member before expiration of his term.
- 4.7. Revision Commission members shall elect from among themselves the Chairman at their first meeting.
- 4.8. The Chairman of the Revision Commission shall:
- 4.8.1. Organize the work of the Revision Commission;
- 4.8.2. Call Revision Commission meetings;

---

<sup>195</sup> As recommended by the FCSM Code in Chapter 8, Section 2.1.2. The internal regulations of the company should provide for the establishment of the Audit Committee.

<sup>196</sup> It is recommended that the Revision Commission does not include family members of directors or managers. The GMS may establish additional categories of persons who may not be Revision Commission members.

## The Russia Corporate Governance Manual

---

- 4.8.3. Preside over Revision Commission meetings;
  - 4.8.4. \_\_\_\_\_; and
  - 4.8.5. \_\_\_\_\_.
- 4.9. The Deputy Chairman of the Revision Commission shall perform the functions of the Chairman during the absence of the latter.

### Article 5. Procedure for Nominating Candidates to the Revision Commission

- 5.1. Candidates to the Revision Commission may be nominated by a shareholder (or a group of shareholders) owning at least 2% of voting shares of the Company as of the date of such nomination.
- 5.2. Shareholder proposals must be received by the Company within \_\_\_\_\_ calendar days of the end of the financial year.<sup>197</sup>
- 5.3. The Supervisory Board may nominate candidates to the Revision Commission if shareholders have nominated an insufficient number of candidates.
- 5.4. The number of candidates nominated to the Revision Commission by each proposing shareholder or shareholder group may not exceed the number of the members to be elected to the Revision Commission pursuant to the Company's charter.
- 5.5. Proposals on the nomination of candidates may be made by:
  - 5.5.1. Registered mail to the following address: \_\_\_\_\_, to the attention of \_\_\_\_\_ [*specify title and name of the person responsible for receipt of proposals*]; or
  - 5.5.2. Personal delivery against confirmation of receipt to \_\_\_\_\_ [*the Secretary of the Supervisory Board or the Corporate Secretary, if such position has been established, or another person authorized to receive written correspondence addressed to the Company*].
- 5.6. The deadline for proposing candidates shall be established in accordance with the requirements for preparing, calling, and conducting the GMS established by the Law.<sup>198</sup>

---

<sup>197</sup> LJSC, Article 53, Clause 1. The company must receive such proposals within 30 days from the end of the financial year, unless the company's charter provides for a longer period.

<sup>198</sup> See FCSM Regulation No. 17/ps on the Approval of the Regulation on Additional Requirements to the Procedure for Preparing, Calling, and Conducting the General Meeting of Shareholders.

## Annex 26. A Model By-Law for the Revision Commission

- 5.7. Proposals on the nomination of candidates shall be made in writing and shall state:
  - 5.7.1. The name of the shareholder(s) submitting the proposal; and
  - 5.7.2. The number and category (class) of shares owned by them.
- 5.8. The proposal on the nomination of a candidate shall contain the following information:
  - 5.8.1. The first name, patronymic, and surname of each of the nominated candidates, and date of birth;
  - 5.8.2. Educational background, including continuous professional education (name of educational institution, date of graduation, degree or diploma, honorary mention, etc.);
  - 5.8.3. Place of work and positions held over the past \_\_\_ years, and positions held by the candidate in the governing bodies of other legal entities over the past \_\_\_ years;<sup>199</sup>
  - 5.8.4. List of legal entities of which the candidate is a shareholder, stating the number of shares (interest) in the charter capital of such legal entities;
  - 5.8.5. List of persons with which the candidate is affiliated, stating the nature of the affiliation;
  - 5.8.6. Relations of the candidate with affiliated persons and major partners of the Company, as well as candidate's affiliation with the Company;
  - 5.8.7. Outstanding criminal convictions and administrative disqualifications, if any;
  - 5.8.8. Name of the body to which the candidate is nominated (the Revision Commission in this case);
  - 5.8.9. \_\_\_\_\_;
  - 5.8.10. \_\_\_\_\_; and
  - 5.8.11. Other information material to the election of the candidate as a Revision Commission member.
- 5.9. Such proposals may also contain the candidate's consent to stand for election.
- 5.10. The proposal shall be signed by the shareholders or their representatives. If a representative signs the proposal, a power of attorney shall be attached.

<sup>199</sup> FCSM Code, Chapter 3, Section 2.3.1 recommends five years.

## The Russia Corporate Governance Manual

---

- 5.11. The Supervisory Board shall review the proposals and make a decision on accepting or rejecting the candidates to be included into the list of candidates for the position of the Revision Commission within five days after the end of the period set forth in Clause 5.2 hereof.
- 5.12. A motivated decision of the Supervisory Board to reject the inclusion of a candidate into the list of candidates shall be sent to the proposing shareholder(s) within three days of when the decision was made.
- 5.13. The nominated candidates shall be included into the list of candidates, unless:
  - 5.13.1. The shareholder(s) failed to submit the proposal within the time-frame set by Clause 5.2 hereof;
  - 5.13.2. The shareholder(s) do not own a sufficient number of voting shares of the Company as set forth in Clause 5.1 hereof; and
  - 5.13.3. The proposal does not meet the requirements set forth in Clauses 5.7 and 5.8 hereof.
- 5.14. Candidates nominated to the Revision Commission may stand down until the moment the Supervisory Board includes the candidate into the list of candidates.

### Article 6. Organizing the Work

- 6.1. The Revision Commission shall organize its work in the form of regular and extraordinary inspections, as well as meetings to discuss issues related to conducting inspections and organizing its work.
- 6.2. Scheduled inspections shall be conducted based on a fixed schedule that is based on target dates for approving the results of the financial and business operations for the year.
- 6.3. Extraordinary inspections shall be conducted:
  - 6.3.1. On the basis of a decision of the GMS;
  - 6.3.2. On the basis of a decision of the Supervisory Board;
  - 6.3.3. Upon the request of shareholders owning not less than 10% of voting shares of the Company; or
  - 6.3.4. At the initiative of the Revision Commission.
- 6.4. Extraordinary inspections of financial and business operations of the Company shall start not later than \_\_\_ days after the shareholder's request to

## Annex 26. A Model By-Law for the Revision Commission

perform such an inspection is received by the Company, or after the date of the relevant minutes of the GMS, or the Supervisory Board meeting. The inspection must be completed within \_\_\_ days.<sup>200</sup>

- 6.5. Upon the results of scheduled and extraordinary inspections, the Revision Commission shall prepare a report. All Revision Commission members who participated in the inspection shall sign the report. Any Revision Commission member who disagrees with the Revision Commission's report may prepare a dissenting opinion that shall be appended to and shall be deemed an integral part of the Revision Commission's report. If a Revision Commission member does not sign the report and does not provide a dissenting opinion, the report must contain an explanation.<sup>201</sup>
- 6.6. In accordance with its report, the Revision Commission may issue instructions to the officers of the Company requiring them to remedy the identified violations. The instructions shall be approved by the Revision Commission and signed by the Chairman of the Revision Commission.
- 6.7. The Revision Commission shall meet as required but at least once a quarter, as well as before and after the completion of each inspection.
- 6.8. Revision Commission meetings may be called by the Chairman of the Revision Commission or by written request of any of its members. The request must contain the list of issues to be discussed at the meeting. The meeting must be called within \_\_\_ days after the date of the request.
- 6.9. The Revision Commission meetings shall be held in the form of joint attendance. Meetings on organizational issues may be held in the form of video- or teleconferences.
- 6.10. Revision Commission members shall receive advance written notice of \_\_\_ days before the date of the meeting. The notice shall contain information about the date, time, and location of the meeting, as well as the agenda of the meeting.
- 6.11. Any Revision Commission member may make proposals and amendments to the meeting agenda subject to the terms of notification of the meeting.
- 6.12. The Revision Commission meeting shall be valid if at least half of its members participate in the meeting.

<sup>200</sup> The FCSM Code recommends that the inspection of financial and business activities start within 30 days. The inspection must be completed within 90 days.

<sup>201</sup> FCSM Code, Chapter 8, Section 3.1.4.

## The Russia Corporate Governance Manual

---

- 6.13. Decisions on all issues shall be made by a majority vote of Revision Commission members attending the meeting.
- 6.14. In case a member withdraws from the Revision Commission and if the number of Revision Commission members becomes less than the quorum as set forth in Clause 6.12 hereof, the Revision Commission shall request the Supervisory Board to call an EGM.
- 6.15. Revision Commission members may not delegate their powers to other persons, including by power of attorney.<sup>202</sup>
- 6.16. Minutes of Revision Commission meetings shall be signed by its Chairman and filed in the book of minutes kept by the Chairman of the Revision Commission or in the Company's files.

### **Article 7. Remuneration and Compensation of Revision Commission Members**

- 7.1. Subject to the decision of the GMS, Revision Commission members shall receive compensation (receipts) of expenses incurred by them in connection with the performance of their duties and receive remuneration for their work.
- 7.2. Revision Commission members shall receive remuneration in the amount of \_\_\_\_\_ Rubles.
- 7.3. Remuneration shall be payable once every \_\_\_\_\_ months.

---

<sup>202</sup> FCSM Code, Chapter 8, Section 3.1.2.